

## Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 /013 R

DRAFTED BY COM/ITA/BED/OED/EID/SJKARIKAS/MW  
APPROVED BY EUR/CAN - CJCLEMENT  
OED/EID/WADONAHOE  
OED/MEFREEMAN  
OED/EID/SJKARIKAS  
OIM/MBELDEN  
STATE/EB/AZUCCA

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R 021954Z JUN 78  
FM SECSTATE WASHDC  
TO AMCONSUL TORONTO  
INFO AMEMBASSY OTTAWA  
AMCONSUL MONTREAL  
AMCONSUL VANCOUVER

UNCLAS STATE 140141

E.O. 11652:N/A

TAGS: BGEN, CA

SUBJECT:ADS: SUGGESTED TEMPORARY MORATORIUM

REF: CONSULATE'S 0778

1. APPRECIATE POST'S POSITION CONCERNING THE UNEXPECTED INCREASE IN THE NUMBER OF ADS REQUESTS. COMMERCE IS EXPERIENCING THE SAME INCREASE. SINCE MID APRIL, THE WEEKLY AVERAGE OF ADS REQUESTS RECEIVED HAS DOUBLED. THE PRIMARY CAUSE OF THIS INCREASE IS GREATER ACTIVITY IN THE "EXPORT AWARENESS CAMPAIGN" AREA, ESPECIALLY AS IT AFFECTS SMALL BUSINESSES AND MINORITY OWNED FIRMS. COMMERCE IS MEETING THIS INCREASE IN DEMAND BY OVERTIME  
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WORK. THIS WORK IS BEING ACCOMPLISHED NOT ONLY BY THE REGULAR ADS STAFF BUT ALSO BY PEOPLE DRAWN FROM OTHER AREAS.

2. COMMERCE HAS CONSIDERED AN ADS MORATORIUM TO LIGHTEN ITS OWN WORKLOAD AND HAS REJECTED THE IDEA FOR ITSELF AS WELL AS FOR THE POSTS FOR THE FOLLOWING REASONS:

A) EXPERIENCE SHOWS THAT A MORATORIUM IN ANY OF COMMERCE'S INFORMATION SERVICES CREATES A BACKLOG IN DEMAND RATHER THAN ELIMINATING IT. BUSINESS PEOPLE JUST WAIT UNTIL THE

MORATORIUM IS OVER TO SUBMIT THEIR REQUESTS; B) A MORATORIUM IN ANY OF COMMERCE'S EXPORT PROMOTION SERVICES REFLECTS ADVERSELY ON USG CREDIBILITY. ON THE ONE HAND COMMERCE ENCOURAGES FIRMS TO EXPORT AND ON THE OTHER IT DISCOURAGES THEM BY CUTTING OFF EXPORT ASSISTANCE SERVICES. DISCOURAGING OF ADS APPLICATIONS HAS THIS SAME EFFECT; AND C) MORATORIUMS OFTEN PROVE TO BE NOTHING BUT STOP-GAP MEASURES. THE OLD PROBLEMS OR THE LIKE RE-EMERGE AFTER THE SERVICE IS REINSTITUTED.

3. USDOC HAS ALSO CONSIDERED THE CONSULATE'S SUGGESTION TO CUT BACK ON THE NUMBER OF REQUESTS SUBMITTED BY MEANS OF A MORE RIGOROUS SCREENING. THIS CAN AND IS BEING DONE. APPLICATIONS ARE TURNED DOWN, HOWEVER, ONLY FOR VERY STRONG AND CONCRETE REASONS, SUCH AS THE EXISTENCE OF FOREIGN LAWS PROHIBITING THE IMPORTATION OF THE COMMODITIES, AND NOT BECAUSE COMMERCE PERSONNEL CONSIDER THE PRODUCTS "RUN-OF-THE-MILL." MANY OF THE PRODUCTS OF SMALL AND MINORITY FIRMS APPEAR TO BE "RUN-OF-THE-MILL" WHEN COMPARED TO THE MORE GLAMOROUS AND COMPLEX PRODUCTS OF LARGER ORGANIZATIONS. IT IS ALSO HIGHLY PROBABLE THAT IT TAKES MORE TIME ON THE PART OF

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THE FOREIGN SERVICE TO "SELL" SUCH PRODUCTS. WITH EXPORT PROMOTION EMPHASIS NOW ON SMALL AND MINORITY FIRMS, HOWEVER, THE EXTRA TIME SHOULD BE EXPENDED. AND IF A SMALL OR MINORITY FIRM IS TO BE TURNED AWAY FROM A MARKET, IT SHOULD BE DONE BY THE PRIVATE FOREIGN IMPORTERS WHO SAY THAT THEY, BASED ON THEIR COMMERCIAL JUDGMENTS, ARE NOT INTERESTED, RATHER THAN BY THE GOVERNMENT AGENCIES WHICH ARE SUPPOSED TO ASSIST SUCH FIRMS IN FINDING EXPORT OUTLETS ABROAD.

4. IT IS RECOMMENDED, THEREFORE, THAT CONGEN INSTITUTE ALL POSSIBLE MEASURES TO ALLOW IT TO HANDLE THE INCREASED ADS WORKLOAD ON A TIMELY OR ONLY SLIGHTLY DELAYED BASIS. CHRISTOPHER

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## Message Attributes

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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014